

with the standards set forth in Section 2 of Executive Order 12778.

This rule is published as a final rule in conformity with the statutory deadline established in section 212 of Public Law 103-403.

(Catalog of Federal Domestic Assistance Program Nos. 59.036, Certified Development Company Loans (503 Loans); 59.041, Certified Development Company Loans (504 Loans)).

#### List of Subjects in 13 CFR Part 108

Loan programs—business, Small businesses.

For the reasons set forth above, SBA is amending part 108 of title 13 of the Code of Federal Regulations as follows:

#### PART 108—[AMENDED]

1. The authority citation for part 108 continues to read as follows:

**Authority:** 15 U.S.C. 687(c), 695, 696, 697a, 697b, 697c.

2. Section 108.2 is amended by adding definitions of the following terms in the appropriate alphabetical order: "Accredited Lender" and "ALP" to read as follows:

#### § 108.2 Definitions.

\* \* \* \* \*

*Accredited Lender* means a 503 Company which has met the eligibility requirements of § 108.508-3 and which has executed with SBA the ALP Agreement.

*ALP* means the Accredited Lenders Program as provided for in § 108.508.

\* \* \* \* \*

3. A new undesignated center heading and §§ 108.508-1 through 108.508-5 are added to read as follows:

#### Accredited Lenders Program

##### § 108.508-1 Objective and characteristics of Certified Lenders Program.

(a) *Purpose.* The purpose of this subpart is to authorize for designated 503 companies, hereinafter called Accredited Lenders, expedited approval by SBA of loan processing, closing and servicing functions on specified terms and conditions.

(b) *Objective of Accredited Lender Status.* SBA will process an application for authorization of a guarantee or a loan servicing action submitted by an Accredited Lender within three business days from receipt of a complete application for authorization or a fully documented request for a loan servicing action, as the case may be. SBA reserves the right to reject any such application or request for incompleteness or other regulatory deficiency.

##### § 108.508-2 Application procedure.

In order to be designated an Accredited Lender, a 503 company shall apply for designation to the SBA District or Branch Office where responsible for the area in which its headquarters is located by submitting a statement of its eligibility demonstrating satisfaction of the criteria contained in § 108.508-3. The relevant District or Branch Office will review all such applications using SBA's "rule of two procedure" and forward only favorable recommendations to the Director, Office of Rural Affairs and Economic Development for final determination. The Director will advise all relevant District or Branch Office of his or her final decision on any such recommendation. Favorable decisions by the Director will be followed by accreditations by the relevant District or Branch Office. Unfavorable decisions by the Director will be communicated to the applicant by the Director.

##### § 108.508-3 Eligibility.

In evaluating the application of a 503 Company to become an Accredited Lender, SBA must make a favorable determination based upon its consideration of the following factors:

(a) The 503 Company must have been an active participant in the development company loan program for not less than the preceding 12 months;

(b) The 503 Company must have well-trained, qualified loan officers who are knowledgeable concerning SBA's lending policies and procedures for the development company loan program;

(c) The 503 Company must have demonstrated the ability to process, close, and service loans under the development company program;

(d) The 503 Company must have had a loss rate on its portfolio of loans made under the development company program that is reasonable and acceptable to the SBA;

(e) The 503 Company must have demonstrated to SBA's satisfaction a history of submitting to SBA complete and accurate debenture guaranty application packages;

(f) The 503 Company must have demonstrated the ability to work with the sponsoring SBA office in a cooperative and constructive manner; and

(g) The 503 Company must have demonstrated to SBA's satisfaction the ability to serve small business credit needs through the development company program.

##### § 108.508-4 Term of designation.

Any designation of a 503 Company to be an Accredited Lender shall be for a

term of two years, renewable for additional two year terms at the discretion of SBA upon the application of the 503 Company.

##### § 108.508-5 Suspension or revocation.

The Director may suspend or revoke the accreditation of an Accredited Lender for good cause by forwarding a written statement of suspension or revocation to the Accredited Lender. Such statement shall specify the nature of the sanction and the reasons therefore. The decision to suspend or revoke accreditation may be appealed to the Associate Deputy Administrator for Economic Development whose decision on any such appeal shall be the final decision of SBA. Examples of good cause for purposes of these regulations include but are not limited to:

(a) The 503 Company has not continued to meet the criteria for eligibility under § 108.508-3; or

(b) The 503 Company has failed to adhere to the SBA's rules and regulations or is violating any other applicable provision of law.

Dated: March 2, 1995.

**Philip Lader,**

*Administrator.*

[FR Doc. 95-10179 Filed 4-25-95; 8:45 am]

BILLING CODE 8025-01-M

#### 13 CFR Part 108

#### Loans to State and Local Development Companies; Premier Certified Lenders Program for Certified Development Companies

**AGENCY:** Small Business Administration (SBA).

**ACTION:** Interim final rule.

**SUMMARY:** On October 22, 1994, the President signed Public Law 103-403, the Small Business Administration Reauthorization and Amendments Act of 1994. Section 217 of that Act added a new section 508 to the Small Business Investment Act, 15 U.S.C. 695 et seq. This new section authorizes the Small Business Administration (SBA) to establish a Premier Certified Lenders Program. This rule, published in accordance with Public Law 103-403, is intended to implement this new program.

**DATES:** This rule is effective on April 26, 1995; however, SBA will accept comments submitted by May 26, 1995.

**ADDRESSES:** Comments should be sent to LeAnn M. Oliver, Acting Director, Office of Rural Affairs & Economic Development, Small Business Administration, 409 Third Street SW., suite 8300, Washington, DC 20416.

**FOR FURTHER INFORMATION CONTACT:**

LeAnn Oliver, (202) 205-6485.

**SUPPLEMENTARY INFORMATION:** Public Law 103-403, enacted October 22, 1994, established a Premier Certified Lenders Program (PCLP) for Certified Development Companies (CDCs). The law provides that, on a three-year pilot program basis, SBA may establish the PCLP for not more than 15 CDCs. The PCLP is intended to emulate the successful Preferred Lender Program for the SBA's General Business Loan Program and to transfer that experience to the development company loan program. This recognizes the maturity of individual local certified development companies and the favorable track record of the overall development company loan program. In this way, it will enable SBA to increase responsiveness to small business borrowers by taking the partnership role it normally maintains with the certified development companies to a higher level with CDCs that are designated as PCLP/CDCs.

The concept of a PCLP/CDC is based on the PLP designation for lenders participating with the SBA 7(a) General Business Loan Program. In consideration for a PCLP/CDC agreeing to share in the risk of loan making, the SBA will delegate authority to the PCLP/CDC for the purpose of authorizing, closing and servicing development company loans. Similar to the work of the preferred participating lender in the General Business Loan Program, a PCLP/CDC will be required to obtain SBA's final approval of the eligibility of a debenture for guaranty, but will not be required to obtain SBA's approval for underlying decisions regarding creditworthiness of the borrower, loan closing, or legal requirements imposed by law or regulation. Both PCLP and PLP loans will be processed through the same centralized SBA processing center.

The Premier Certified Lender Program responds to the significant increase in development company loan program activity and recognizes the growing strength and capability of CDCs. A PCLP/CDC will be designated based on a high level of 504 loan activity, a history of submitting adequately analyzed debenture guarantee application packages to SBA, and a favorable recommendation from the SBA field office with which the CDC works. Also as a condition of designation, a PCLP/CDC will commit to establish and maintain a loss reserve equal to the greater of the company's historic loss rate on guaranteed debentures or 1% of the outstanding

amount of debentures issued by the company and guaranteed by SBA under the PLCP Program.

**Compliance With Executive Orders 12612, 12778, and 12866, the Regulatory Flexibility Act and the Paperwork Reduction Act**

For purposes of the Regulatory Flexibility Act, 5 U.S.C. 601 et seq., SBA certifies that this rule will not have a significant economic impact on a substantial number of small entities.

SBA certifies that this rule will not constitute a significant regulatory action for purposes of Executive Order 12866, since the change is not likely to result in an annual effect on the economy of \$100 million or more.

SBA certifies this rule will not impose additional reporting or recordkeeping requirements which would be subject to the Paperwork Reduction Act, 44 U.S.C. Ch. 35.

SBA certifies that this rule will not have Federalism implications warranting the preparation of a Federalism Assessment in accordance with Executive Order 12612.

SBA certifies that this rule is drafted, to the extent practicable, in accordance with the standards set forth in Section 2 of Executive Order 12778.

**List of Subjects in 13 CFR Part 108**

Loan programs—business, Small businesses.

For the reasons set forth above, SBA amends part 108 of title 13 of the Code of Federal Regulations as follows:

**PART 108—[AMENDED]**

1. The authority citation for part 108 continues to read as follows:

**Authority:** 15 U.S.C. 687(c), 695, 696, 697a, 697b, 697c.

2. Section 108.2 is amended by adding definitions of the following terms in the appropriate alphabetical order: "Premier Certified Lender" and "PCLP" to read as follows:

**§ 108.2 Definitions.**

\* \* \* \* \*

*PCLP* means the Premier Certified Lenders Program as provided for in § 108-509.

*Premier Certified Lender* means a 503 Company which has met the eligibility requirements of § 108.509-3 and which has executed with SBA the PCLP Agreement.

\* \* \* \* \*

3. A new undesignated center heading and §§ 108.509-1 through 108.509-5 are added to read as follows:

**Premier Certified Lenders Program**

**§ 108.509-1 Objectives and characteristics of premier certified lenders program.**

(a) *Purpose.* The purpose of this subpart is to implement section 217 of Public Law 103-403 which authorizes SBA to delegate authority to designated 503 companies, hereinafter called Premier Certified Lenders, to undertake processing, approval, closing and servicing of loans made with the proceeds of SBA guaranteed debentures.

(b) *Characteristics.* SBA will solicit and approve qualified 503 companies to serve as Premier Certified Lenders. Each Premier Certified Lender will be delegated authority to approve loans that are funded with the proceeds of debentures issued by such company. SBA will retain the responsibility to guarantee any such debenture. All rules in this part 108 relating to the operations of participating 503 companies shall apply to Premier Certified Lenders.

(c) *Approval.* The approval of a loan by a Premier Certified Lender shall be subject to final approval by SBA as to eligibility of the guaranty of a debenture, the proceeds of which will fund the loan. Such final approval shall not include a detailed review of decisions by the Lender relative to the loan involving creditworthiness, loan closing, or compliance with legal requirements imposed by law or regulation, provided that SBA will satisfy itself that its guaranty of any debenture issued by a Premier Certified Lender is fully supportable under applicable laws and regulations as to the eligibility of the guaranty of a debenture before it approves any such guaranty.

(d) *Pilot Program Period.* On a pilot program basis, SBA may designate not more than fifteen Premier Certified Lenders. Effective on October 1, 1997, the pilot program ends and sections 108-509-1 thru 108-509-5 of part 108 are repealed.

**§ 108.509-2 Application procedure.**

Upon the request of a 503 company to participate in the Premier Certified Lender program, the SBA branch or district office with which the 503 Company has had its most significant activity shall review the 503 company's application and prepare its recommendation. The District Director or Branch Manager of that district or branch office shall transmit all requests, accompanied by the district or branch office recommendation, to SBA Central Office where the Director of the Office of Rural Affairs and Economic Development shall make the final decision on all such requests. After a

favorable decision, the district director will designate the lender by executing with the 503 Company the PCLP Agreement. Before it can operate as a Premier Certified Lender, the 503 company must execute such PCLP Agreement.

#### **§ 108.509-3 Eligibility.**

In making the determination of whether a 503 company may become a Premier Certified Lender, SBA shall consider, but is not limited to, the following factors:

(a) Whether the 503 company has been an active participant in the Accredited Lenders Program under § 108.508 for not less than the preceding 12 months, and whether the 503 company has demonstrated ability to work with the local SBA office in a cooperative and constructive manner. Prior to January 1, 1996, SBA may waive the requirement for prior activity in the Accredited Lenders Program if such company is otherwise qualified to participate in that program;

(b) Whether the 503 company has a history of submitting to SBA complete, accurate and adequately analyzed debenture guaranty application packages;

(c) Whether the 503 company agrees to assume and to reimburse SBA for 10 percent of any loss sustained by the SBA as a result of a default by the company in the payment of principal or interest on a debenture issued by such company and guaranteed by SBA under the PCLP Program; and

Whether the 503 company has a historical loss rate acceptable to SBA.

#### **§ 108.509-4 Loss reserve.**

Each Premier Certified Lender shall establish a loss reserve for financings approved pursuant to the PCL Program.

(a) *Amount.* The amount of the loss reserve shall be the greater of:

(1) The historic loss rate on all debentures issued by such company; or

(2) 10 percent of the amount of the company's exposure on debentures issued under the PCL Program.

(b) *Assets.* The loss reserve shall be comprised of segregated assets of the company which shall be securitized in favor of the SBA.

(c) *Contributions.* For each debenture issued by a Premier Certified Lender, the company shall make a contribution proportionate to the total amount of loss reserve required in the following amounts and at the following intervals:

(1) 50 percent when the debenture is funded,

(2) 25 percent not later than one year after the debenture is funded, and

(3) 25 percent not later than two years after the debenture is funded.

#### **§ 108.509-5 Suspension or revocation.**

(a) *Cause.* The designation of a 503 Company as a Premier Certified Lender may be suspended or revoked if the SBA determines that:

(1) The 503 company has not continued to meet the criteria for eligibility under § 108.509-3; or

(2) The 503 company has not established or maintained the loss reserve required under § 108.509-4; or

(3) The 503 company has failed to adhere to the SBA's rules and regulations or has violated any other applicable provision of law.

(b) *Review.* At intervals not greater than 12 months, SBA shall review the financings made by each Premier Certified Lender. The review shall include the lender's credit decisions and general compliance with the eligibility requirements for each financing approved under the program authorized by this section.

(c) *Procedure.* SBA reserves the unilateral right to suspend or revoke the designation of any Premier Certified Lender as a result of any violation of SBA regulations, any breach of any agreement with SBA, or any change of circumstance resulting in the Lender's inability to meet the operational requirements set forth herein: Provided, however, that such suspension or revocation shall not invalidate any guaranty previously entered into by SBA. Proceedings for such purposes will be initiated by a determination to suspend or revoke issued by the Director of the Office of Rural Affairs and Economic Development. Such determination may be appealed to the Associate Deputy Administrator for Economic Development whose decision on any appeal shall be the final decision of SBA.

Catalog of Federal Domestic Assistance  
59.036 Certified Development Company  
Loans (503 Loans); 59.041 Certified  
Development Company Loans (504 Loans).

Dated: March 17, 1995.

**Philip Lader,**

*Administrator.*

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## **DEPARTMENT OF TRANSPORTATION**

### **Federal Aviation Administration**

#### **14 CFR Part 39**

[Docket No. 94-NM-158-AD; Amendment 39-9205; AD 95-09-01]

#### **Airworthiness Directives; Boeing Model 737-300, -400, and -500 Series Airplanes**

**AGENCY:** Federal Aviation Administration, DOT.

**ACTION:** Final rule.

**SUMMARY:** This amendment adopts a new airworthiness directive (AD), applicable to certain Boeing Model 737-300, -400, and -500 series airplanes, that requires an inspection to determine the type of topcoat material currently on the insulation of the inner wall of the fan duct cowl (the firewall) of the thrust reversers, and application of an improved topcoat material, if necessary. This amendment is prompted by tests, which demonstrated that flames can penetrate the firewall if certain combinations of insulation and topcoat materials are used. The actions specified by this AD are intended to prevent failure of the fireproof insulation top coat installed on the firewalls of the thrust reverser fan cowls, which could result in degradation or loss of the firewall and lead to an uncontained engine fire.

**DATES:** Effective May 26, 1995.

The incorporation by reference of certain publications listed in the regulations is approved by the Director of the Federal Register as of May 26, 1995.

**ADDRESSES:** The service information referenced in this AD may be obtained from Boeing Commercial Airplane Group, P.O. Box 3707, Seattle, Washington 98124-2207. This information may be examined at the Federal Aviation Administration (FAA), Transport Airplane Directorate, Rules Docket, 1601 Lind Avenue, SW., Renton, Washington; or at the Office of the Federal Register, 800 North Capitol Street, NW., suite 700, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Stephen Bray, Aerospace Engineer, Propulsion Branch, ANM-140S, Seattle Aircraft Certification Office, FAA, Transport Airplane Directorate, 1601 Lind Avenue, SW., Renton, Washington 98055-4056; telephone (206) 227-2681; fax (206) 227-1181.

**SUPPLEMENTARY INFORMATION:** A proposal to amend part 39 of the Federal Aviation Regulations (14 CFR part 39) to include an airworthiness directive (AD)